REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL SECOND DIVISION

NOVARTIS HEALTHCARE PHILIPPINES, INC., *Petitioner,*	**CTA CASE NO. 10773**
	Members:
- versus -	**RINGPIS-LIBAN**, *Chairperson* **MODESTO-SAN PEDRO**, *and* **FERRER-FLORES**, *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: 4:25 pm

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RESOLUTION

***MODESTO-SAN PEDRO, J.*:**

For the Court's resolution is petitioner's Motion for Reconsideration, filed on November 27, 2025, with respondent's Comment/Opposition, filed on December 23, 2025, against this Court's *Decision* dated October 21, 2025 ("Assailed Decision") denying its claim for refund of erroneously paid value-added tax ("VAT") amounting to ₱26,960,507.62.

The crux of the Court's denial of petitioner's claim was due to its failure to prove that the amount claimed for refund was not reported and claimed as input tax credit in the monthly and/or quarterly VAT returns, in accordance with *Section 3 of Revenue Regulations ("RR") No. 18-20.*

Petitioner, in its Motion, asserts that:

1.) Proof that the VAT being claimed for refund was not utilized against output VAT is not a requisite for entitlement for a refund of an erroneously paid VAT under *Sections 204(C) and 229 of the Tax Code*, as opposed to it being a requisite for entitlement for a refund of unutilized input VAT attributable to zero-rated sales under *Section 112 of the Tax Code*;

2.) It is clear from the ICPA Report that petitioner actually has input VAT attributable to VAT-exempt sales, which are deducted from its creditable input VAT. As these amounts are automatically deducted from its creditable input VAT, petitioner could not have utilized these amounts; and

3.) If petitioner, indeed, utilized said amounts, this is a matter subject to proof by respondent, as this assumes that petitioner incorrectly filed its returns, and paid less than its due.

The foregoing arguments lack merit.

There is no confusion as to the basis of petitioner's claim for refund in this case, which is *Sections 204(C) and 229*, in relation to *Section 109(AA)*, *of the National Internal Revenue Code, as amended* ("the *Tax Code*"). However, the requirement of proof that the erroneously paid VAT was not utilized against output VAT in this case is not anchored on *Section 112 of the Tax Code*, but on *Section 3 of RR No. 18-20*, which specifically governs claims for refund of erroneously paid VAT on importation of VAT-exempt medicines under *Section 109(AA) of the Tax Code.*

As such, there was no error in requiring proof that the erroneously paid VAT was not reported and claimed as input tax credit in the monthly and/or quarterly VAT returns as it is specifically required under *Section 3 of RR No. 18-20.* As correctly pointed out by respondent in his Comment, citing *Q&A6 of Revenue Memorandum Circular ("RMC") No. 99-2021*, it is to ensure that the input tax have not been reported and claimed as input tax credit for purposes of computing the VAT payable:

> Q6: In relation to RR No. 18-2020, please further clarify the meaning of the phrase, "*provided that the input tax on the imported items have not been reported as input tax credit in the monthly and/or quarterly VAT returns*," found in Section 3 (Transitory Provisions) thereof, in order to refund the erroneously paid VAT on importation of VAT-exempt drugs?
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> A6: The above-mentioned phrase was included therein to ensure that the imported items have not been reported and claimed as input tax credit in the monthly and quarterly VAT returns pursuant to Section 110 of the Tax Code of 1997, as amended, for purposes of computing the VAT payable. However, *the taxpayer may be allowed to reflect the said importation as part of the "Purchases not Qualified for Input Tax"* row of the monthly and quarterly VAT returns to properly show the amount of purchases for a certain period.

(Italics supplied.)

In this case, petitioner asserts that it did not claim any benefit of input tax credit against the output tax by allegedly reporting the amount claimed for refund under the row "Input tax allocable to Exempt Sales" in its VAT returns. This could have the same effect as in the foregoing *RMC* since, essentially, the VAT claimed for refund can no longer be applied to output VAT. However, the Court cannot verify such fact as We cannot trace the amount of claim from the amounts declared in petitioner's VAT returns and ledgers, vis-à-vis the ICPA's findings.

Meanwhile, petitioner cannot insist that the Court abide by the ICPA's findings on its claim for refund since the latter's findings are not conclusive to this Court and is still subject to Our verification.[1]

As the Court concluded in the Assailed Decision, after Our own verification and analysis of the figures and documents examined by the ICPA:

> While it can be admitted that the input tax allocable to Exempt Sales per VAT returns amounting to ₱49,698,336.51 is higher than the amounts verified by the ICPA, the Court cannot just simply assume that the amount of ₱26,960,507.62 claimed for refund herein is already included in the input tax allocable to Exempt Sales per VAT returns which was deducted/removed from the total allowable input tax. Considering that the discrepancies noted are too significant to escape Our perusal, petitioner should have accounted for or reconciled all of these discrepancies in order to shed light on the matter and eliminate any doubt that the amount claimed for refund was already removed from petitioner's allowable input tax credits.

Lastly, petitioner cannot pass on the burden to respondent to prove that the amount claimed for refund in this case was not utilized against output VAT. To reiterate from the Assailed Decision, the taxpayer-claimant has the burden of proving the legal and factual bases of its claim for tax credit or refund. The burden of proof thus rests upon the taxpayer to establish by sufficient and competent evidence its entitlement to a claim for refund.

Given that presentation of *sufficient* and competent proof that the amount claimed for refund was not reported in the VAT returns, in accordance with *RR No. 18-20*, is a requisite for its entitlement, petitioner bears the burden to dispose the same, which it failed to do so here.

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[1] SEC. 3. *Findings of independent CPA.*— The submission by the independent CPA of pre-marked documentary exhibits shall be subject to verification and comparison with the original documents, the availability of which shall be the primary responsibility of the party possessing such documents and, secondarily, by the independent CPA. *The findings and conclusions of the independent CPA may be challenged by the parties and shall not be conclusive upon the Court, which may, in whole or in part, adopt such findings and conclusions subject to verification.* (*Rule 13 of the Revised Rules of the CTA*) (Italics, Ours.)

In summary, petitioner failed to impress the Court with cogent arguments to justify the reversal, amendment, or modification of the Assailed Decision. The same shall therefore not be disturbed.

FOR THESE REASONS, petitioner's *Motion for Reconsideration* is **DENIED** for lack of merit.

SO ORDERED.

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

CORAZON G. FERRER-FLORES
Associate Justice